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Twelfth Session

Caracas, Venezuela, 2-13 May 1967

REPORT OF COMMITTEE II: TRADE POLICY AND INTEGRATION

Rapporteur: Mr. G. Martínez (Argentina)

A. MEMBERSHIP AND WORK OF THE COMMITTEE

1. Committee II conducted its proceedings under the chairmanship of Mr. Martínez (Argentina), who also acted as Rapporteur. The Committee was composed of the following representatives of States members of the Commission: Mr. Estrany Gendre (Argentina), Mr. Emtage and Mr. Prathwaite (Barbados), Mr. Pereira Souto-Maior and Mr. Sette (Brazil), Mr. Summers and Mr. Shapiro (Canada), Mr. Rodríguez (Colombia), Mr. Sánchez Méndez (Costa Rica), Mr. García Incháustegui and Mr. Lastra (Cuba), Mr. Illanes and Mr. Lluch (Chile), Mr. Sánchez Feliz and Mr. Estrella (Dominican Republic), Mr. Parra Velasco and Mr. Salazar (Ecuador), Mr. Lisette, Mr. Dupont, Mr. Mazéo and Mr. Bruneau (France), Mr. Luna del Pinal (Guatemala), Mr. Tyndall (Guyana), Mr. Reconco Murillo (Honduras), Mr. Wright and Mr. Wee Tom (Jamaica), Mr. Bos (Kingdom of the Netherlands), Mr. García Reynoso and Mr. Faesler (Mexico), Mr. Sansón-Román (Nicaragua), Mr. H. Rodríguez (Panama), Mr. Giménez Barreto (Paraguay), Mr. Luna Mendoza (Peru), Mr. Braithwaite and Mr. Gift (Trinidad and Tobago), Sir Keith Unwin (United Kingdom of Great Britain and Northern Ireland), Mr. Barall and Mr. Chase (United States of America), Mr. Freyre and Mr. Sanz Fernández (Uruguay), Mr. Tamayo, Mr. Castellanos and Mr. D'Ascoli (Venezuela), and Mr. Fonseca, of British Honduras (Belize), an associate member of the Commission. The following observers also attended: Mr. Berger and Mr. Fischer (Federal Republic of Germany), Mr. Radványi and Mr. Decker (Hungary), Mr. Maehara (Japan), Mr. Jurkiewicz (Poland), Mr. Enea (Romania), Mr. García Miranda y Rivas and Mr. Bustelo (Spain), Mr. Volski, Mr. Gorgassidze and Mr. Chestnoy (Union of Soviet Socialist Republics), Mr. Mirceta (Yugoslavia), Mr. Schatan (FAO), Mr. Schmidt (IBRD), Mr. Zassenhaus (IMF), Mr. Romero (WMO), Mr. Berthoud and Mr. Viteri (UNCTAD), Mr. Buzeta (UNDP), Mr. Balensi (GATT), Mr. Baldinelli (ALALC), Mr. Irañeta (IDB), Mr. Gibert (EEC), Mr. O. Martínez (OAS), Mr. C.M. Castillo (SIECA), Mr. Scott-Power (World Federation of Trade Unions), Mr. Pineiro da Camara (International Organization of Employers) and Mr. Broich (CEMLA).

/2. Committee

2. Committee II held five meetings and its conclusions are embodied in this report.

B. SUMMARY OF THE DISCUSSIONS

3. Committee II took up first agenda items 6 and 7 concerning trade policy and integration.

(a) Trade policy

4. The discussion of agenda item 6 (Latin American trade policy and the second session of the United Nations Conference on Trade and Development) dealt mainly with the secretariat document entitled "Latin America and international trade policy" (E/CN.12/773) and in particular, with revising, expanding and bringing it up to date in preparation for the second UNCTAD. The secretary of the Committee pointed out, in introducing the document, that it was a preliminary version of a study which the ECLA secretariat was preparing for that Conference, in pursuance of General Assembly resolution 2206 (XXI) and resolution 262 (AC.58) of the eleventh session of the Committee of the Whole of ECLA, and that the document would be revised and brought up to date in the light of the observations and suggestions made and the conclusions adopted during the discussions, and of any further developments in trade policy of special interest to the Latin American countries. Special care would be taken to include additional items which the member countries of the Commission believed should be dealt with at the second UNCTAD.

5. The secretariat document describes the external trade problems which confront Latin America, with special emphasis on the trade policy factors which have influenced its development. As the document states, however, it was not possible at the time of its preparation to take into account such basic facts as the results of the Kennedy Round or the conclusions of the Punta del Este meeting of American Heads of State, which will be dealt with in the final text. The report draws attention to the circumstantial nature of the factors responsible for the favourable trend in Latin American exports in recent years and to the discouraging prospects created by the policies being followed by the major industrialized countries or groups.

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The document suggests that concrete progress should be sought through negotiations on specific aspects of trade policy during the second UNCTAD, and points to the need for action by the Latin American countries to harmonize and co-ordinate the positions they will adopt at that Conference.

6. The delegations of most developing countries expressed complete agreement with the content and conclusions of the document, although they recognized that it had to be brought up to date and supplemented by material on some matters which were not dealt with, or dealt with only in part. The delegation of one developing country, while agreeing with the substantive conclusions in the report, objected to some of its features including the references to the representative nature of a certain body as a forum for discussion and co-ordination on behalf of Latin America as a whole, urging that all the developing countries of the region should participate in the co-ordination process.

7. The delegations of the developing countries laid particular stress on the problems affecting the commodity trade of the region, particularly those of access to markets, prices, financing, internal taxation and anti-economic production of those commodities in the developed countries. Several of the delegations likewise drew attention to certain features of State trading.

8. On the subject of access to markets, they agreed that limited progress had been made in the case of a few primary commodities while there had been serious setbacks in others which had been subject to more and more restrictions since the first session of UNCTAD, in violation of the statu quo principle adopted at that Conference and of commitments made by the Governments of developed countries in GATT and other international bodies.

9. Those delegations stressed the need to create effective machinery to stabilize the prices of primary commodities on international markets at fair and remunerative levels for the exporting countries. They noted the lack of progress in concluding commodity agreements and in laying the foundations for the organization of world markets. They deplored the lack of political willingness on the part of developed countries to produce satisfactory solutions, which in certain commodity negotiations, particularly those on cocoa and sugar, seemed almost within reach.

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10. It was agreed by those delegations that the financing of buffer stocks should be included in the agenda for the forthcoming UNCTAD Conference, and that it should consider methods of financing for the purpose of eliminating surpluses and the changes they would entail in the structure of production. Some delegations emphasized the need to assess the effect of internal taxation in limiting demand for certain primary commodities and the possibility of stimulating larger purchases by the countries with centrally planned economies by reducing the marketing margins of State enterprises in those countries.

11. Some of the delegations of the developed countries expressed the view that the secretariat document was not sufficiently objective, and said they could not endorse some of its judgements and findings. They also questioned the accuracy of some of the figures and data presented, and announced their intention of transmitting to the secretariat clarification or comments on those points, and on certain paragraphs or passages that they considered to be incorrect or to misrepresent the policies and attitudes of their respective Governments.

12. One of the delegations criticized the document inasmuch as it referred to the failure of the developed countries to comply with the principles and recommendations of UNCTAD and to fulfil commitments adopted under GATT, without specifically indicating cases of verified non-compliance. It held that such cases should be identified, and that the ECLA secretariat should prepare an inventory for that purpose. His suggestion was supported by several of the delegations of the developing countries.

13. The delegations of some of the developed countries stated that it was their intention to continue studying the problems raised by the developing countries and to seek satisfactory solutions within the framework of commodity agreements, market organization and other types of arrangements they considered appropriate. They also enumerated internal factors in their own countries, relating, for instance to the need to avoid total dependence on imports for their supplies of certain products, to the protection of existing lines of production, and to the integration of national agricultural policies, which limited the freedom of action of industrialized countries.

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14. Most of the delegations of the developing countries had stressed the need to abolish discriminatory preferences in respect of primary commodities. In that context, the delegations of countries of the Latin American area which enjoyed such advantages felt it was important that the preferences some of their products had enjoyed for a good many years under the preferential system of the British Commonwealth should be considered separately in the establishment of any system of general non-discriminatory preferences for manufactures and semi-manufactures of the developing countries. They stressed the considerable extent to which their economies were dependent upon those preferences, particularly in the United Kingdom market, and the severe structural dislocations which would result from their sudden suspension. Consequently, any action taken to eliminate such preferences should be gradual, and should be accompanied by compensatory measures which would offer them at least equivalent benefits. In that connexion, some countries pointed out the need to specify what sort of compensations were to be granted, and by whom.

15. A significant exchange of views took place on such aspects of the problem of trade in manufactured and semi-manufactured products as the establishment of systems of general preferences and problems of supply and demand in relation to exports from the developing countries. The delegations taking part in the discussion were definitely inclined to favour the establishment of general non-discriminatory preferences, on a non-reciprocal basis, for exports of manufactures and semi-manufactures from developing to developed countries. Some of them, however, suggested that a possibility to be kept in reserve was the extension of non-general preferences granted by the developed countries which wished to join the system to those developing countries which did not already enjoy such discriminatory preferences. Delegations of industrialized countries stated that they took a favourable view of systems of general preferences, or would consider studies that might lead to their eventual application.

16. Emphasis was laid on the importance of the production and export policy to be adopted by the developing countries in order to promote their exports of manufactures and semi-manufactures. Several delegations urged

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that if such efforts were to prove fruitful, they should be supplemented by more favourable treatment in the consumer markets of the industrialized countries, not only through the elimination of quantitative restrictions or the reduction of duties which often militated against a higher degree of processing, but also through efforts on the part of the industrialized countries to introduce the structural changes required to facilitate the access of products which the developing countries were particularly well equipped to manufacture. They also stressed the need to ensure the continuity of that type of trade, and to prevent the unilateral application of safeguard clauses, as in the case of restrictions based on the concept of "market disruption" which created uncertainties for the export trade of developing countries and discouraged productive investment.

17. With regard to financing, stress was laid on the failure to achieve the target set at the first session of UNCTAD, which many developing countries had considered insufficient as an effective stimulus to trade and development in the Latin American countries. Several delegations emphasized the need for an increase in the net inflow of external resources and for financing to be granted on terms commensurate with the financial resources of the recipient countries. Some delegations also stressed that supplementary financing should not only be subject to specific conditions and requirements, but that the resources earmarked for that purpose should really supplement the funds for basic financing now available to the countries of the region and other developing countries.

18. In connexion with the preparatory work for the second session of UNCTAD, several delegations insisted that UNCTAD should constitute a true forum for negotiation, for considering specific resolutions on problems which had been sufficiently elucidated by the time it convenes. Other delegations said that in addition to that fundamental condition, the second UNCTAD should evaluate compliance with the agreements and principles defined at the first Conference and explore areas of future agreement on

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problems which had not yet been properly defined or clarified. With regard to the agenda and the position which ECLA might ultimately adopt in response to the request for suggestions made by the UNCTAD secretariat, most of the delegations agreed that the agenda should be centred on items which genuinely affected the particular interests of developing countries in Latin America and other parts of the world, and efforts should not be diverted to items on which there was not enough agreement to justify negotiations or to offer hope of substantial progress in exploring new areas of future action. There was also a general desire on the part of the Latin American countries to develop a concerted position at the second session of UNCTAD. Several delegations referred to the part which the ECLA secretariat should play in that effort and some stressed the importance of using existing advisory bodies to achieve such co-ordination. To that end, the ECLA secretariat should update the information and conclusions in the working document submitted to the current session (E/CN.12/773).

19. When the possibility of achieving genuine agreements and compromises on specific issues at the second session of UNCTAD was discussed, the delegations of some developing countries pointed out that, apart from the technical difficulties involved in attaining that objective, which could be overcome, the central problem was decision making, i.e., the political will to take action. In their view, that will had not hitherto been manifested in the attitude of the developed countries and the developing countries should therefore co-ordinate their action in order to gain more bargaining power. One of the developed countries stated its belief that the developed countries should take into account, and were taking into account the interests of the developing countries in their trade policies and negotiations, for example in the Kennedy Round. The delegations of some of the developing countries pointed out that the decisions on foreign trade adopted by the American Presidents at the recent Punta del Este meeting represented a substantial shift in the policy of the United States, which was now prepared

/to co-operate

to co-operate fully with the Latin American countries in joint action to achieve the aims which those countries, and developing countries in general, were pursuing in foreign trade. One delegation expressed the view that the meeting could not lead to any improvement in the position of the developing countries of the region. The ECLA secretariat, it was felt, should take an active part in formulating specific suggestions on measures, instruments and action programmes for implementing those decisions.

20. Several delegations of developing countries mentioned other points which the secretariat should take into account in revising document E/CN.12/773. Alternatively, if that were not possible for lack of time, they should be the subject of later studies and research on the measures required to solve the problems involved. Those points included expansion and diversification of the exports of the developing countries, higher import duties imposed by developed countries as the products manufactured by developing countries from their own raw materials, became more sophisticated, the continuance, in developed countries of uneconomic production of many primary products of special interest for the developing countries, and the possibility of giving the latter a larger share of the developed countries' markets. Other points mentioned were the special position of the economically relatively less developed countries, and possible preferential treatment for those countries in respect of primary commodities, manufactures and semi-manufactures, inter alia, appraisal of the results of the Kennedy Round from the viewpoint of Latin American countries, and alternative or additional measures which might be used in tariff negotiations in order to meet the requirements of those countries. Suggestions were made for a survey of new ways of expanding trade with the countries with centrally-planned economies, with a view to developing practical methods of exploiting that trade; and for a study of various measures to expand trade and economic relations among developing countries.

21. The delegation of one developed country observed that the developing countries could and should do a great deal to help themselves, particularly by expanding and diversifying their production, and by promoting their exports and removing existing disincentives to the expansion of exports.

/(b) Latin

(b) Latin American economic integration

22. The Committee took note of the secretariat report entitled "The economically relatively less developed countries and Latin American integration" (E/CN.12/774 and Adds. 1-2). Some delegations said that the report, when submitted in its final form to the meeting of relatively less developed countries which was to be convened to consider it, should contain constructive and specific suggestions on matters thus far not dealt with or dealt with only in a general way. They included, inter alia, financial and technical assistance, development of infrastructure, identification of potential regional industries, and systems for granting preferences and advantages to the relatively less developed countries within the framework of existing integration machinery. A number of delegations referred to the importance of sub-regional integration agreements as instruments for accelerating the movement towards a Latin American common market and promoting the region's smooth and balanced growth, since they ensured the participation of relatively less developed countries and focused attention on the special problems of countries with insufficient markets. Some delegations also remarked on the value of sectoral agreements for integration purposes.

23. Most of the delegations emphasized the importance to Latin American integration of the Declaration of the Presidents of America who had met at Punta del Este. They stressed the political implications of the Declaration and the need to put it into practice by decisions of the Governments and regional integration bodies and, in addition, by the efforts of technical organs like ECLA, which were in a position to contribute advice and assistance and to promote a concerted effort not only to unify the existing integration bodies but also to induce non-member countries to join them, with a view to substantially completing the integration of the Latin American common market by 1985.

24. One delegation emphasized that, unless the conditions generally prevailing in Latin America were radically changed, genuine integration of the region's economies would be impossible.

25. Reference was made, in particular, to the position of the relatively less developed countries and countries with insufficient markets and attention drawn to the need to find ways of enabling those countries to enjoy their due share of the benefits of integration, and to take the necessary steps to cope with possible adverse effects on their development.

(c) Resolutions approved by the Committee

26. As the outcome of its deliberations on trade policy and external trade, the Committee approved various draft resolutions, in particular one relating to "Latin America and the Second United Nations Conference on Trade and Development", which recommends that the secretariat should revise and update document E/CN.12/773 for the purposes set forth in resolution 262 (AC.58) of the Committee of the Whole of the Commission. The revised document is to be submitted to the Second Conference on Trade and Development. In relation to its revision, the secretariat is to consult the Governments of the developing countries members of the Commission with a view to convening a meeting of government experts. In the revision and updating of the document, the secretariat is requested to take into account the comments, statements and recommendations made during the proceedings of the twelfth session and to consider, inter alia, the study and proposal of operational formulas and machinery for ensuring full implementation of the principles and recommendations of UNCTAD in connexion with various points of special interest to the developing countries. The revision process should also include a preliminary evaluation of the results of the Kennedy Round from the standpoint of the Latin American countries; an analysis of various measures for expanding trade and economic relations between the Latin American countries and the countries with centrally-planned economies, and with other developing countries and regions; and the preparation of a list of specific cases of non-compliance with recommendations and commitments accepted by the developed countries. The secretariat is also requested to keep in touch with the secretariats of the Economic Commission

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for Africa and the Economic Commission for Asia and the Far East, and to collaborate with and advise the Latin American group at the meeting of the Seventy-Seven to be held at Algiers, and also at the Second Conference on Trade and Development. After that Conference, it is to convene a session of the ECLA Trade Committee in order to analyse and evaluate the results obtained at the Conference, and in the light of the conclusions reached determine the work programme and priorities relative to foreign trade.

27. With reference to the Declaration of the American Presidents who had met at Punta del Este, a draft resolution was discussed which recommends that the secretariat, in consultation and in co-ordination with the regional integration bodies, should co-operate in carrying out studies to facilitate government decisions in relation to the measures needed to complete the Latin American integration process.

C. DRAFT RESOLUTIONS

To discuss the various draft resolutions submitted by delegations, Committee II set up an Ad Hoc Working Group. The draft resolutions submitted by this Group and adopted by the Committee, are appended to this report.

/LATIN AMERICA

LATIN AMERICA AND THE SECOND UNITED NATIONS
CONFERENCE ON TRADE AND DEVELOPMENT

The Economic Commission for Latin America,

Bearing in mind the statement in the recent Declaration of the Presidents of America to the effect that "the economic development of Latin America is seriously affected by the adverse conditions in which its international trade is carried out. Market structures, financial conditions, and actions that prejudice exports and other income from outside Latin America are impeding its growth and retarding the integration process. All this causes particular concern in view of the serious and growing imbalance between the standard of living in Latin American countries and that of the industrialized nations and, at the same time, calls for definite decisions and adequate instruments to implement the decisions",

Considering that the first United Nations Conference on Trade and Development adopted a set of principles and recommendations with the aim of promoting a new order in international trade policy and in world trade as one of the basic means of accelerating the economic growth of the developing countries,

Believing that the difficulties described in the Declaration of the Presidents of America might have been largely obviated if all the developed countries had effectively implemented the principles and recommendations embodied in the Final Act of the first Conference on Trade and Development,

Taking note of resolution 2209 (XXI) of the United Nations General Assembly in which the General Assembly expresses "its serious concern at the lack of progress in solving, in the light of the Final Act adopted by the Conference at its first session, the substantive problems of international trade and development with which the Conference was faced" and reiterates "its call to the Governments of the States members of the United Nations Conference on Trade and Development to continue to examine their policies and to take action, jointly or separately, as may be feasible, in the light of the Final Act of the Conference, with a view to implementing the

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recommendations of the Conference in the various fields of their national and international programmes",

Considering likewise that at the second Conference on Trade and Development, without prejudice to the work of elucidating the problems affecting the external sector of the developing countries and defining solutions for those problems, procedures and machinery should be established to ensure full implementation of the above-mentioned principles and recommendations,

Having studied the report submitted by the secretariat of the Commission on Latin America and international trade policy (E/CN.12/773) as a provisional version of the study it is preparing for the second Conference on Trade and Development as part of its continuing work of analysis and elucidation of the Latin American countries' external sector problems, and in compliance with resolution 262 (AC.59) of the Committee of the Whole of this Commission, under which the ECLA secretariat is requested to accord the Latin American countries co-operation and advice in the field of trade policy,

Decides:

1. To take note of the report on Latin America and international trade policy and to express its satisfaction at the effective contribution made by that document to the Commission's work with a view to the second Conference on Trade and Development;

2. To recommend that the secretariat should revise and update the document in question, with due regard to the comments, statements and recommendations made during the proceedings of the present session and such new developments bearing on foreign trade and trade policy as are of particular concern to the Latin American countries, for the purposes set forth in resolution 262 (AC.58), and for presentation to the second Conference on Trade and Development. The secretariat shall transmit the document to all the States members of the Commission and consult the Governments of the developing member countries as appropriate, with a view to convening a meeting of government experts to consider the said document before the second session of UNCTAD;

3. The Secretariat's revision and updating process, referred to in the previous paragraph, should include:

(a) A preliminary evaluation of the results of the Kennedy Round from the standpoint of the Latin American countries, indicating the areas in which their hopes have not been fulfilled and reviewing possible formulas for satisfying them;

(b) The study and proposal of operational formulas and machinery for ensuring full implementation of the principles and recommendations of UNCTAD, particularly in connection with the following points:

- (i) Price stabilization agreements for some primary commodities of special interest to the Latin American countries;
- (ii) Principles governing the introduction by the developed countries of import restrictions on commodities from developing countries to obviate problems that might disrupt the market;
- (iii) Bases and principles for a system of general non-discriminatory preferences for manufactures and semi-manufactures from the developing countries;
- (iv) Possible lines of action in respect of other subjects or items, such as shipping, mentioned in the discussions at the present session of the Commission as being of special importance to the Latin American countries;

(c) The expansion of trade between the Latin American countries and the centrally-planned economy countries, analysing new procedures and presenting practical formulas that will make it possible to take advantage of the opportunities offered by that trade;

(d) The analysis of various measures for expanding trade and economic relations among the Latin American countries, and between them and other developing regions and countries, and consideration of the contribution which the developed countries could make towards achieving those objectives;

(e) The

(e) The preparation of a study, requesting the relevant information from the Governments, containing as exhaustive a list as possible of specific cases of non-fulfilment of the principles and recommendations accepted by the country or countries in question at the first session of UNCTAD, as well as of other agreements, commitments and resolutions accepted in other forums and other competent international agencies with regard to trade between the developed countries and the developing countries, particularly the Latin American countries;

(f) The study of the effects of internal taxes and other equivalent measures in the developed countries on the exports of Latin American countries;

4. To request the secretariat to keep in touch with the secretariats of the Economic Commission for Africa and the Economic Commission for Asia and the Far East, for the purpose of working out adequate proposals for the position to be adopted by the Latin American countries at the second Conference on Trade and Development, and to collaborate with and advise the Latin American group at the meeting of the Seventy-Seven, to be held shortly at Algiers, and also at the second Conference on Trade and Development;

5. To ask the secretariat to convene a session of the ECLA Trade Committee in order to analyse and evaluate the results obtained at the second Conference on Trade and Development to decide, in the light of that evaluation, on the programme of foreign trade activities that deserve priority.

/LATIN AMERICAN

LATIN AMERICAN ECONOMIC INTEGRATION

The Economic Commission for Latin America,

Bearing in mind the commitments assumed by the Latin American countries in the Declaration of the Presidents of America with regard to the economic integration of the region as a step towards the creation of the Latin American Common Market;

Recognizing that important measures and decisions will have to be taken if those commitments are to be fulfilled and that, for that purpose, the relevant technical studies will have to be available,

Considering the valuable work consistently done by the ECLA secretariat on economic integration and the important role the secretariat could play in carrying out such studies,

Decides to request the ECLA secretariat, in consultation and in co-ordination with the regional integration bodies, to co-operate as fully as possible in carrying out studies, developing technical bases and identifying the measures needed to give effect to the decisions contained in the Declaration of the Presidents of America on Latin American economic integration, particularly as regards:

(a) the identification of problems and possible solutions for improving the Latin American Common Market through joint action by existing integration bodies and the incorporation of countries of the Latin American region that are not yet members of those bodies;

(b) the establishment of a common external tariff and the abolition of import charges and restrictions on intra-regional trade;

(c) the identification of procedures and study of prospects for sub-regional integration agreements within the framework of a general policy for the establishment of the Latin American Common Market;

(d) the continuation and expansion of studies and technical assistance designed to ensure that the economically relatively less developed countries effectively share in the benefits deriving from the integration process, taking into account the particular problems of countries with insufficient markets.

/OBJECTIVES OF

OBJECTIVES OF THE SECOND UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

The Economic Commission for Latin America,

Considering that the second United Nations Conference on Trade and Development will be held early in 1968 at New Delhi, India,

Bearing in mind that the United Nations General Assembly, in resolution 2206 (XXI), emphasized the need for the Conference, at its second session, to concentrate in particular on a limited number of fundamental and specific subjects with a view to achieving practical and concrete results by means of negotiation aimed at securing the greatest measure of agreement,

Having before it the draft provisional agenda for the second session of UNCTAD adopted by the Trade and Development Board at its fourth session (TB/B/SC.5/L.5/Rev.1),

Noting that the General Assembly, at its twenty-first session, invited the regional economic commissions to pay special attention, in their programmes, to preparations for the second session of the Conference, and to take such steps as may be feasible to extend their full co-operation in ensuring its success,

Considering that the Trade and Development Board, at its fourth session, decided to transmit the relevant draft provisional agenda to its subsidiary organs, the United Nations regional economic commissions and the United Nations Economic and Social Office at Beirut, for such comments, observations or recommendations on the substance of the items included in the draft provisional agenda as they wish to present at the fifth session,

Decides to recommend the Trade and Development Board in the interests of more effective discussions at the next session of UNCTAD, at its fifth session (a) to encompass in the general debate referred to in item I of the provisional agenda, the general discussions on other items of the agenda, such as items II(a), III(a), IV(a) and V(a); and (b) to give due priority to the discussion of fundamental and specific points which will channel the debate towards negotiations leading to wider agreement on practical objectives.

COMPARATIVE STUDY OF WORLD COSTS AND PRICES
IN RELATION TO TRADE IN MANUFACTURES

The Economic Commission for Latin America,

Taking into account the importance of expanding trade in manufactures and semi-manufactures among the Latin American countries, as well as exports of those products to the rest of the world, and the need to eliminate or compensate for the factors which seriously distort the competitive position of manufactures and semi-manufactures or severely limit their export possibilities,

Considering the differences and variations in price levels and in the cost structure of the various economic sectors among the Latin American countries and in relation to third countries, and

Bearing in mind the changes resulting from trends of domestic cost levels and fluctuations in world prices,

Decides:

1. To request the secretariat of ECLA to undertake studies on comparative cost and price levels in the various economic sectors of the Latin American countries in relation to the development of regional trade in manufactures and semi-manufactures and the expansion of such exports to the rest of the world. In that task, the secretariat may enlist the co-operation of other specialized international agencies and convene meetings of experts in order to obtain technical guidelines, as appropriate;

2. To recommend to the Governments of the member States that they should co-operate fully in that work and furnish the secretariat of ECLA with the information necessary for carrying it out.

/FINANCING

FINANCING

The Economic Commission for Latin America,

Considering the recognized need for the developing countries to receive external financial assistance in order to supplement their domestic savings and foreign exchange export earnings and thus obtain the means for securing an adequate rate of economic growth,

Taking into account the fact that, in absolute terms, the financial aid granted by the developed to the developing countries has remained at the same level and, consequently, declined in terms of the gross national product of the developed countries, notwithstanding the already inadequate minimum target set in UNCTAD recommendation A.IV.2,

Considering that any financial aid in the form of loans adds to the external debt service burden of the developing countries and that, consequently, the stagnation of overall aid at a particular level means an actual decline in the net inflow of external resources for the developing countries,

Bearing in mind the progressive deterioration in the terms and conditions of international financial aid and the fact that the net inflow of external resources to the Latin American countries has tended to decline in recent years, and that this decline, together with the heavy burden of debt servicing, has led to a sizable reduction in the capacity to import of those countries,

Having regard to the fact that, so long as that situation persists, schemes designed merely to compensate for shortfalls, whether transitory or otherwise, in the export earnings of the developing countries will lead to a dispersal of resources that will be of no real benefit to the developing countries,

Bearing in mind document TD/B/C.3/L.51, unanimously adopted at the second session of the Committee on Invisibles and Financing related to Trade, and dealing with trade as it affects development problems, in particular, development financing,

/Decides:

Decides:

1. That since the objective of international financial assistance to the Latin American countries is to promote their economic development, it should take into account, inter alia, the shortfall resulting from the differences between their prospective foreign exchange income - i.e., earnings from exports of goods and services and capital inflows - and import requirements that may affect their development;

2. That the net inflow of external resources required for the economic development of the Latin American countries should be increased, and that the repayment periods and terms of international financial assistance should be improved, in accordance with the relevant recommendations of UNCTAD;

3. That, if supplementary financing measures are adopted, the resources earmarked for the purpose should represent an effective addition to aid for basic development financing.

/UNITED NATIONS

UNITED NATIONS PROGRAMME FOR THE PROMOTION OF EXPORTS OF MANUFACTURES
AND SEMI-MANUFACTURES FROM DEVELOPING COUNTRIES

The Economic Commission for Latin America,

Recognizing that stimulation of exports of Latin American manufactured and semi-manufactured products is essential for the further development of the region,

Expressing its satisfaction that the ECLA secretariat jointly with the secretariat of UNCTAD is undertaking a series of country studies on the export prospects of manufactures and semi-manufactures,

Taking note with satisfaction of the recommendations adopted at the Special Session of the Executive Secretaries of the Regional Economic Commissions held in New York from 25 to 27 January 1967, concerning joint UNCTAD/UNIDO/ECLA activities, in co-operation with UNDP relating to the promotion of exports of manufactures within a United Nations programme for the promotion of exports from the developing countries as described in the note by the secretariat E/CN.12/780,

1. Endorses the active participation of the ECLA secretariat in the United Nations programme for the promotion of exports which should be given high priority,

2. Recommends to the Governments members of the Commission to make full use of the opportunities provided under the above programme as regards assistance for the formulation of policies and measures for the promotion of exports of manufactures and semi-manufactures.

/ACCESS TO

ACCESS TO MARKETS

The Economic Commission for Latin America,

Bearing in mind that the Final Act of the first United Nations Conference on Trade and Development recognized the need to provide easier access for exports from developing countries to the markets of the developed countries,

Urges the developed countries members of the Commission to take practical steps, prior to the Second Conference on Trade and Development, to implement as fully as possible the commitments assumed at the First Conference on Trade and Development in relation to the removal of obstacles blocking access to their markets for the exports of the Latin American countries.

/PRICES

PRICES

The Economic Commission for Latin America,

Bearing in mind that it is essential for the development of the Latin American countries to eliminate or compensate for the existing disparity between the prices of primary commodities and those of manufactures and to establish the necessary parity between them,

Considering that it is necessary, in order to achieve this elimination or compensation, to make a study of all the elements and factors affecting the determination of the relevant world market prices and occasioning the above-mentioned disparity, and at the same time to define the methods and machinery whereby a fair price adjustment can be effected to eliminate the harmful disparity or compensate for its effects,

Decides:

1. To recommend to the ECLA secretariat that it should undertake, in co-operation with the appropriate agencies, as comprehensive as possible a study of this problem, and should prepare and systematically report:
 - (a) indexes of the purchasing power of the main commodities exported by the region, including bananas, coffee, cocoa, sugar, cotton, meat, cereals, petroleum, copper, tin and iron, with a base period that is representative for the producer countries;
 - (b) a weighted average at the country level and an estimate of the loss of payments capacity resulting from fluctuations in the said indexes;
 - (c) a critical analysis of the results achieved by the various methods hitherto applied to stabilize the prices of the main export commodities at remunerative levels, the extent to which they have influenced the development of the Latin American countries, and possible alternatives;
 - (d) a determination of the actual share of Latin American producers of primary commodities in the price paid by the final consumer in the leading importer countries;
2. To request the secretariat to present the said study at the thirteenth session of the Commission.

TRADE RESTRICTIONS ON GROUNDS OF MARKET DISRUPTIONS

The Economic Commission for Latin America,

Bearing in mind the importance for the region of exporting manufactures and semi-manufactures with a view to reorganizing the international division of labour so that the developing countries obtain a fairer share of the world's increasing wealth,

Considering that the objective can be achieved only if the developing countries secure a larger share of the export trade in manufactures and semi-manufactures,

Noting that the imposition of quantitative restrictions and other measures of equivalent effect on the imports of manufactures and semi-manufactures of importance to the Latin American countries, on the basis of a unilateral interpretation of the expression "market disruption", discourages the industries of the region by restricting their actual opportunities, necessary continuity and growing stability,

Considering that there is an urgent need to limit the use of this practice and to specify criteria and objectives which can be used to identify situations in which there is a genuine market disruption created by imports from developing countries,

Decides:

1. To recommend that, in order to determine in each case whether or not there is disruption of the market of a developed country attributable to the exports of developing countries, there should be multilateral consultations instead of a mere unilateral declaration by the developed country in question;

2. To recommend that quantitative or other restrictions, in cases where the need for their application is recognized, should be of a temporary character and should be progressively eliminated by a deadline predetermined at the consultations referred to in paragraph 1;

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3. To recommend that, without prejudice to the immediate implementation of the foregoing recommendations, the ECLA secretariat should make a study in order to determine the objective criteria which, after their acceptance by the Governments involved, should be applied in order to establish the existence of cases of market disruption occasioned in the developed countries by imports from developing countries.

/FORMULATION OF

FORMULATION OF PROGRAMMES FOR EXECUTING THE AGREEMENTS ON FOREIGN
TRADE IN THE DECLARATION OF THE PRESIDENTS OF AMERICA

The Economic Commission for Latin America,

Considering that chapter III of the Declaration of the Presidents of America, signed at Punta del Este, contains specific agreements designed to mobilize the individual and joint efforts of the States members of the Organization of American States so that the export earnings of the Latin American countries may be increased and the adverse effects on Latin American income that may be caused by measures taken by industrialized countries for balance-of-payments reasons may be reduced,

Bearing in mind that the Declaration provides that the Inter-American Committee on the Alliance for Progress (ICAP) and other agencies in the region are to submit to the Inter-American Economic and Social Council (IA-ECOSOC) for consideration at its next meeting the means, instruments and action programmes for initiating such joint action by States members of OAS as may be required to ensure effective and timely execution of the agreements approved by the Meeting of American Chiefs of State, as well as those agreements contained in the Charter of Punta del Este, that might be required to continue the execution thereof, in particular of those relating to Latin America's foreign trade,

Decides:

To request the ECLA secretariat to prepare specific suggestions concerning measures, instruments and an action programme for implementing the agreements on foreign trade contained in chapter III of the Declaration of the Presidents of America, and to present an information document on the subject at the forthcoming session of the Inter-American Economic and Social Council (IA-ECOSOC) to be held at Viña del Mar, Chile, in mid-June of the present year.

/ACCESS TO

ACCESS TO MARKETS IN RELATION TO INTEGRATION AGREEMENTS AMONG
DEVELOPED COUNTRIES

The Economic Commission for Latin America,

Taking into account the fundamental importance for the Latin American countries of increasing their trade with developed countries which are members or regional economic groupings,

Considering that the policy adopted by such groupings is increasingly affecting the prospects of gaining access to their markets for traditional Latin American exports and new products included in the Latin American countries' export promotion programmes,

Bearing in mind also the possibility that in the near future steps may be taken which may result in an extension of the areas covered by these regional economic integration agreements among developed countries,

Decides:

1. To recommend that the States members of the Commission which are members of regional economic groupings of developed countries should, in formulating policies for supplementing or strengthening their regional integration arrangements, take due account of the trade interests of the Latin American countries;
2. To recommend that, should the areas covered by existing integration arrangements be extended, the developed countries concerned should take all necessary steps to prevent **any** resultant worsening of the specific or general conditions affecting the access or marketing of Latin American export products.